

ACTION SUMMARY

BOARD WORKSHOP MEETING

January 22, 2005 – 9:00 a.m.

**Administration Building
2101 Hurley Way, Sacramento, CA**

CALL TO ORDER

President Granados called the meeting to order. Board Members Present: Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley.

Staff: Fire Chief Martinez, General Counsel Price, Board Clerk Tilson, Deputy Chiefs Appel, Means, Plessas, Ritter, Finance Director Houghton, Assistant Chiefs Baltzell, Hartley, Haverty, Johnson; Battalion Chiefs Cantelme and Mugartegui, Captains Baumann and Ellis, Administrative Coordinator Safford, Human Resources Analyst Junn, Project Manager Horel.

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION ON ITEM (S) SCHEDULED ON THE AGENDA:

None

REAFFIRM DISTRICT ENDURING GOALS

- **Board Action:**
General consensus to reaffirm the Enduring Goals as written.

REVIEW YEAR 2004 CRITICAL DISTRICT CHALLENGES—(Martinez)

A three-page staff report presented at the April 15, 2004 Board Workshop was reviewed and a status update provided on the following:

Continuing Decline of our Ambulance Revenue

For the last several months the District has seen a decline in our ambulance revenue. Staff has been meeting with our third-party billing contractor to identify the cause and formulate a recommendation to improve that revenue stream. The potential revenue loss appears to be in the range of \$1-2 million dollars.

- On-going issue. The cap on Medicare and Medi-Cal payments changed our revenue stream but has been rolled back. Continuing to monitor because the revenue doesn't equate to the call volume.

Departure of the US Coast Guard from McClellan Park

Currently, the USCG provides for the majority funding for station 114. As has been reported recently, they are currently reviewing a plan to move to another federal installation. As fire protection is provided by contract to McClellan Park the loss of that revenue source would have a major impact on maintaining that contract. The present value of the contract is \$2.7 million dollars.

- The County of Sacramento approved a new five-year contract with the Coast Guard with Sacramento Metro Fire to provide the fire protection service, to include an option to renew on an annual basis.

The County has an interest in Metro Fire annexing the area but annexation would only be supported if a revenue stream is provided.

Rosemont Request for Annexation Study

A Rosemont Homeowners group has submitted a request to the City of Sacramento asking for a study to determine the feasibility of being annexed into the City. It is undetermined what the area of annexation would include. The City's sphere of influence goes from the American River, to Jackson Road, to Bradshaw Road. The City could potentially annex all or a portion of that total area. Initial studies, approximately two years ago, indicated that if the entire area were annexed by the City, the District would lose about \$3 million of annual property tax.

- On-going issue.

Arcade/Arden Incorporation Efforts

The Arcade/Arden communities have been conducting meetings for approximately two years intended to lead to a recommendation of either annexing to the City of Sacramento or forming their own city. The Carmichael community has also been involved in those discussions. Retiring Congressman Doug Ose, has been reported to have contributed \$15,000 to an incorporation effort. It is undetermined what the boundaries of the proposed city would be.

- On-going issue.

Future Annexation by City of Folsom

As has been indicated by their comments during the Metro Fire Reorganization, the City of Folsom intends to annex additional portions of our District. It is unclear what their timeline is; however, with the development of the Aerojet property it would appear that there may be a financial incentive.

- On-going issue to be dealt with.

Continual Operational Costs for Mather Air Park and Independence Village

As has been previously reported, both Mather Air Park and the new housing area known as Independence Village provide no financial support to the District. As such, we continue to provide structure protection, rescue, medical aid and related emergency services. We are starting to see an expectation by those businesses and residents of increased services.

- On-going problem.
- There is no property tax revenue because this is a redevelopment area but we do service the area out of our other stations.
- Suggests approach of going back for general relief and working with the Redevelopment Agency to establish a policy on redevelopment areas. Issue to be researched and some recommendations brought back.

Leave Our Community Assets Local (LOCAL Coalition)**Local Taxpayers and Public Safety Protection Act**

The Local Taxpayers and Public Safety Protection Act is an initiative sponsored by the League of California Cities, the California State Association of Counties, and the California Special District Association. Planned for the November 2004 statewide ballot, the measure is intended to increase local control over local tax dollars, so that funding for critical local services is more dependable and predictable.

The initiative would require a majority vote of the people before the state government would be allowed to take and use local government funds. It also strengthens existing law that says when the state mandates a program, service or added cost to local governments, the state must reimburse the local governments in a timely manner for the cost of providing that program or service.

- Proposition 1A was adopted. The fire districts were eliminated from the property tax shift and our District is exempt from participation.

Senate Bill 1272 – Senator Ortiz

Special District Governance Legislation SB-1272, currently relates to special audit issues (Suburban Water District). Would require more audits and would authorize the State Controller to conduct additional audits and/or require additional audits of special districts as the State Auditor deems necessary. Further amendments to SB-1272 are anticipated.

- The bill died in committee without further action.

Governor's Budget

The Governor's Budget proposes an additional Education Revenue Augmentation Fund (ERAF) annual property tax shift from local governments of \$1.3 billion dollars. The exact amount needed to back fill the Vehicle License Fee (VLF) losses to cities and counties after the repeal of the tripled car license tax. The proposed shift would be in addition to the current \$4.2 billion annual property tax shift to ERAF. The Governor proposes using the same formulas for the ERAF shift as were applied in 1993-2004. Under the Governor's proposal, \$105 million of the shift would come from special districts.

- The fire districts were eliminated from the property tax shift and our District is exempt from participation, taking the issue of ERAF off the table.

Legislative Analyst's (Elizabeth Hill) Recommended ERAF Shift

Ms. Hill's proposal is to "leave past formulas in the past." She proposes shifting \$400 million from special districts to ERAF. She further recommends, "The Legislature would establish a special district property tax shift amount for each county. Every County Board of Supervisors, after public hearing and debate, would revise the share of property taxes received by special districts in their county to implement the shift and reallocate property tax resources in a manner that best meets the needs of their county residents." Ms. Hill also said, "The Legislature could specify that County Boards of Supervisors may not (1) reduce a non-enterprise special districts (Metro Fire) property taxes by more than 20 percent in any single year, or, (2) reallocate property taxes so that county-dependent special districts receive increased property tax revenues. (Emphasis added.)

- Proposition 1A settled this and our District is not subject to any ERAF shift.

Senator Torlakson AB-1831 and LOCAL Initiative

Senator Torlakson has offered to introduce the LOCAL initiative (Local Taxpayers and Public Safety Protection Act) as a Constitutional Amendment for the November 2004 election. Additionally, Senator Torlakson has introduced AB-1831 which would dedicate \$25 million from the federal Home Land Security Funding grant program to counties that have a program for interagency operability.

- Proposition 1A settled this.

Assembly Members Steinberg and Campbell AB-1221

Assembly Members Steinberg and Campbell have co-authored AB-1221 to place the “Hertzberg Initiative” on the November 2004 ballot as a constitutional amendment. The constitutional initiative would create a 1/2 of 1% additional sales tax, the same as Prop 172 for funding of law enforcement, to help fund education in California under the School Assistance Fund for Education (SAFE).

- Proposition 1A settled this.

County Service Area 11 (CSA-11)

The County Board of Supervisors has petitioned LAFCo to establish boundaries for a proposed County Service Area (CSA) that would include most of the urbanized developed unincorporated territory in Sacramento County. The CSA purportedly is being established as a mechanism to produce additional revenues to fund law enforcement, animal control and parks. Several Special District parks have come out in opposition of the CSA, saying the purported funding is anticipated to support only County operated parks and the American River Parkway, not Special District park facilities. Those park districts believe the draft language in the proposal is misleading to the public. If the boundaries are established, the County must decide between attempting to secure the additional desired funding through a Benefit Assessment or a Special Tax. The proposed assessment or tax would be between \$50 and \$100 per parcel and would generate between \$8 million and \$16 million annually.

- No action.

❖ Remaining Fire Chief’s Critical Issues for 2004:

- Ambulance Revenue Decline
- Annexations
- Incorporations
- Ideas for Countering Redevelopment Tax Void

❖ Directors' Priorities for 2004

Priorities submitted by the Directors were reviewed in addition to the Fire Chief's Critical Issues, to include:

- Outside Financial District Audit
 - Outside General Counsel – suggested issue for Executive Committee
 - Appointment of a Deputy Fire Chief versus designation of an Acting Chief in the event of an emergency
 - Fire Chief Martinez stated a line of succession plan can be developed.
 - Employee Satisfaction Survey
 - Ambulance Revenue/Losses-Annual written report requested
 - District Annual Report
 - Percent of Budget be established for Employees Cost
 - Rosemont Annexation
 - Fiscal Planning for Fire Station Construction
 - Review all Options on Real Property for Best Value
 - Pre-Qualification Bidding Process – Additional language to be submitted to Policy Committee
- Fire Chief Martinez to respond back to Director Engellenner on issue of charging non-residents a higher fee for ambulance service.

BREAK AT 10:10 AM

STATION 107

Karen Klinger cited concerns relative to Station 107 being turned into a 24/7 ambulance service to include parking and traffic problems, change of use after the new station is built with a preference for single residential zoning.

Fire Chief Martinez stated it is not the intent of the District to put a private ambulance service in there but after the new station is built in the spring of 2006, the Board may take action to dispose of the property as surplus.

In response to Ms. Klinger, Fire Chief Martinez stated he could attend the Arden Park Homeowners Association meeting in March but was unavailable on February 1. Director Duveneck suggested the Station 107 issue be postponed and scheduled for March with both available to attend.

IDENTIFY 2005 DISTRICT STRATEGIC OBJECTIVES**A. ASSIGN TASK OBJECTIVES**

Fire Chief Martinez distributed a two-page report with the 2005 Critical Challenges and Opportunities compiled by staff for consideration in the development of the District's 2005 Strategic Objectives, accompanied by a one-page Exhibit with statistical information on New Home Construction in the Greater Sacramento Area.

Rancho Cordova - East End & Vineyard Developments

Two major developments in the eastern section of our District are proposed that will increase our residential units by over 66,000. While this build-out will occur over a long period of time, District participation in several working groups, committees and Council workshops will be critical in the coming months. At the present time there are several issues that the District should become involved with, such as, annexation attempts by the Cities of Folsom, Rancho Cordova, and Sacramento, and insuring our continuing property tax revenue to support the necessary operational needs. Staff is proposing establishing a project team consisting of current staff and the addition of a few temporary positions for a 24-month period to represent all of the District's areas of concern.

- Multi-family dwellings are not included in the totals.
- Project Manager Horel presented a map outlining areas under discussion.

Specific developments discussed, to include:

- Sun Ridge in the Sunrise/Douglas area of Rancho Cordova with 22,000 units, which will require multiple fire stations
- Vineyard Area – 20,000 new dwelling units planned.

Other areas discussed: Elverta Special Plan Areas – currently comprised of 65 homes, the area of 1,734 acres in the north central part of the County is planned for about 5,500 dwelling units with a total population of 12,000 residents.

Proposed new development in Placer County: Placer Vineyards – 5,158 acres with planned 14,132 dwelling units located between Sacramento County on the south and Baseline Road on the north.

- Proposed project team should include a couple Board members.
- 2005 Goal.

Annexation of District area by the City of Sacramento

The District has received a request for information regarding our level of effort at several fire stations in the Rosemont and Florin area from consultants assisting the City of Sacramento in updating their General Plan. Staff recommends the reconfiguring of the Chief's Office and the Community Services Division to increase our outreach to both the public and partner organizations.

- Request spheres of influence for cities of Sacramento and Folsom be shown on the map.
- Annexation of Rosemont to Rancho Cordova, a contract city, adds to the District's area of service protection versus the City of Sacramento, a full-service charter city.
- Elected Board officials to be more proactive in the outreach process in addition to staff to improve relationships with other agencies.
- 2005 Goal.

Adjustment of the District's fees for service

Currently, the District receives several fees for service that augment our other revenue stream. Fees for ambulance transportation, plan review and other miscellaneous activities have not been adjusted for some time. Staff has determined that due to legislative changes Medical and Medicare reimbursement could be enhanced with a fee restructuring.

- President Granados recommended assignment to the Finance Committee to develop a policy.
- 2005 Goal.

Establish a Board Policy in dealing with merger or reorganization opportunities

Previous Boards have entertained the discussion of potential reorganizations or mergers. Generally, these issues have been the responsibility of the Fire Chief to ascertain the potential conditions through discussions with those organizations of interest and then developing a staff report on the question. The Fire Chief is requesting Board guidance on its expectation.

- 2005 Goal.

Develop a comprehensive fiscal management policy

While there is a past practice of budget development, the District lacks a comprehensive fiscal management policy. Staff has been researching other organizational approaches to developing one tailored to our practice.

- Fire Chief Martinez expressed personal interest in developing a Fiscal Management Policy to include economic indicators and tracking mechanisms outlining sources of revenue and expenditures.
- President Granados recommended initial assignment to the Finance Committee.
- 2005 Goal.

Develop a financing plan for the fire station construction program

The need for new or additional fire stations will out-pace our impact fee receivables. Most other jurisdictions have accomplished their new construction through a debt financing process that increases cash flow. Staff recommends the development of a plan that meets the District's needs.

- 2005 Goal.

Migration to a new radio communication system

Over the next several years our analog radio system will become outdated. All members of the regional radio system will be faced with the requirement to replace our current system. Staff is recommending that the District participate and where appropriate lead the discussion on the system upgrade.

- On-going issue.
- Migrate from analog to digital system. This will be a multi-million dollar expense with all other regional participants.

Prepare for a leadership transition

In the past, several Board Members have stated their displeasure with actions of the Fire Chief in areas that have been traditionally his purview and responsibility. To date, little has been done to clarify the Board's expectation and even less has been documented as official action by the majority of the Board. As has been proposed before, several of the documents that guide the activities of the Fire Chief are outdated. As the last year has highlighted, a change in the District leadership can come with little notice. The Fire Chief is recommending a new Fire Chief's Job Description be created for the recruitment of the next Fire Chief. Additional documents, such as the Resolution describing the authority of the Fire Chief for the day-to-day operations, be reviewed and reissued.

- Assign to Policy or Executive Committee.
- 2005 Goal.

Succession Planning

Preparation for the appointment of many personnel into middle and upper level management positions with the identification of the expectations of the District and assistance with employee preparation through avenues such as mock assessment centers, career counseling, etc.

- Utilize retired annuitants for special projects and as support of personnel in new positions.
- Director Engellenner supported in-house promotion for the position of Fire Chief when the time comes.
- Assign to committee.
- 2005 Goal.

❖ 2005 Fire Chief's Critical Issues and Directors' Goals

Potential Issues discussed for 2005 in addition to the remaining Goals from 2004 for consideration as possible Strategic Objectives:

- Rancho Cordova – East End & Vineyard Developments
- Annexation of District Areas by Cities of Sacramento, Folsom, Rancho Cordova
- Adjustment of District Fees for Service
- Develop Comprehensive Fiscal Management Policy
- Master Facility Plan
- Facility Financing Plan
- New Radio Communication System
- Leadership Transition Guiding Documents
- Line of Succession
- Joint Labor Management Committee Formalization
- Board Members Legal Briefing Once Per Year by Counsel (Brown Act)
- Organizational Structure and Staffing Document
- Quarterly Workshops
- Follow up on Recommended Organizational Development Strategies
- Examine Method/Policy for Board Member Use of Counsel
- Examine Development of a Planning Division (City/Business Services)
- Examine Mutual Aid Policy
- EMS Service Levels
- Future Consolidations/Fire Regionalization
- Reconfiguration of Board of Directors/Reapportionment of Division Lines
- Establish Performance Review Process
- Improve Intergovernmental and Key Official Relations

- Karen Klinger urged the Board to move on to the next step of building the vision for the fire and ambulance service and to dispense with differences.
- President Granados suggested Metro Fire host a Fire Leadership Workshop for the Fire Districts in the Counties of El Dorado, Sacramento, and Placer to discuss important issues such as regionalization.

Communications are important and requested staff to keep the Board informed on meetings within the community.

- **Board Action:**

General consensus that Board President Granados and Fire Chief Martinez work together on finalizing the Strategic Objectives based on issues discussed today and bring it back to the full Board for adoption, possibly the second meeting in February.

ADJOURNMENT: Meeting adjourned at 1:15 p.m.

Gregory A. Granados, President

Matt Kelly, Secretary

Charlotte Tilson, Board Clerk